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COMMUNIST CHINA'S ROLE IN NON-COMMUNIST ASIA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the

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COMMUNIST CHINA'S ROLE IN NON-COMMUNIST ASIA¹

THE PROBLEM

To examine Communist China's activities in non-Communist Asia and the impact of these activities on the non-Communist countries of the area, and to estimate the future role and influence of Communist China in Asia during the next five years or so.

SUMMARY AND CONCLUSIONS

1. Communist China's already powerful impact on non-Communist Asia will probably increase, although only gradually, over the next few years, unless there is a serious crisis within China, a major change in the world situation, or a substantial increase in the strength of the factors which work against Peiping's aspirations.

2. Asia is impressed by the progress which the Chinese Communists have made in developing their economy and increasing their military power. Most Asian governments believe that the Communist regime is firmly in control of the country and growing in strength. The countries of the area, whether firmly anti-Communist or neutralist, take possible Chinese Communist reactions into consideration when making major policy decisions.

3. Against the background of power which Peiping is able to project, many Asian countries are susceptible to its varied appeals and pressures. Communist China will continue to pose as the champion of peace and economic development and to identify itself with the widespread anti-Western prejudices which arose out of colonial experience. Many Asian leaders have an intellectual sympathy for Marxist economic concepts. Many believe also that in their underdeveloped countries there is no feasible alternative to state planning and financing of major economic development. In these circumstances, there is a tendency to be more tolerant of the Communist economic system even when there is recognition of and opposition to its excesses.

4. On the other hand, there are important factors which work against Peiping's aspirations. Many Asian leaders dislike Communism, fear Communist China and mistrust its intentions. The most important factor limiting the expansion of its influence is the presence of the US in

¹ Non-Communist Asia as used in this estimate includes: Japan, Korea, Nationalist China, Philippines, Vietnam, Laos, Cambodia, Malaya, Singapore, Indonesia, Thailand, Burma, India, Nepal, Pakistan, Ceylon. Hereinafter non-Communist Asia is referred to as Asia.

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Asia as an opposing force, supplying elements of strength which the free nations still lack. Another major factor will be the degree of success of non-Communist governments in achieving a level of economic, political, and social progress acceptable to their people.

5. For the most part, the present leaders of Asia value their hard-won independence and recognize the ultimate threat of indigenous and Chinese Communism. They are seeking — with varying degrees of skill and energy — to satisfy the needs and potential pressures for social and economic betterment without sacrificing the basic values of their own cultures. Although the various Asian countries will react differently to Communist China in accordance with their varying backgrounds and interests, those that are not firmly anti-Communist are more apt to continue on or to take the road to neutralism than the road to affiliation with Peiping. Among such countries there will probably be an increase in contacts with Peiping, which will enhance the prestige of Communist China.

6. Although Communist China's military strength will almost certainly increase, we believe that it will refrain from using military means to achieve its objectives in Asia so long as its leaders believe that this would result in effective US military counteraction. Rather they will seek to expand their power and influence in Asia, and to reduce that of the US, through

other means. They will continue to concentrate on economic inducements, the expansion of a broad range of official and unofficial contacts, and political subversion. They also hope to foster the development of indigenous Communist movements which can influence Asian governments to adopt policies favorable to Communist China and which might eventually assume power by parliamentary means or insurrection.

7. Major political or economic crises inside Communist China would considerably diminish its impact on Asia. On the other hand, any modification of US policy which appeared to Asians as a significant softening of US constancy and firmness in opposing Communist China and in helping Asian countries to achieve their aspirations, would enhance Peiping's prospects. This would be particularly true if there appeared to be a significant weakening of US military capabilities against Communist China. A major change in the climate of the cold war could have important effects. Thus, if the Sino-Soviet Bloc became more bellicose and threatening, there might be major policy changes in some Asian countries with some seeking neutralism and others increased affiliation with the West. Or, if tensions were reduced, closer relations between Communist China and other Asian countries would probably develop, with an eventual enlargement of Peiping's ability to influence Asia.

DISCUSSION

COMMUNIST CHINA'S OBJECTIVES IN ASIA

8. We believe that Peiping's basic, long run objective is an Asia ruled by Communist governments, amenable to Communist China's

influence, and dependent upon it for trade and political guidance. This long run objective, derived from Communist doctrine, is reinforced by the traditional Chinese view of China as the center of civilization.

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9. Peiping almost certainly realizes that an attempt to gain this objective by military means would risk war with the US, so long as the latter is committed to the defense of large parts of non-Communist Asia. In addition, Communist China is seeking to transform an impoverished, illiterate, agrarian society into a modern industrial state with a powerful military establishment. Communist China's leaders appear to believe that their country needs time to complete this transformation and that their foreign policies must stop short of provoking destructive US military retaliation.

10. Thus, Communist China is for the present directing its energies toward more immediate objectives. These include weakening the power position and influence of the US in Asia, increasing exploitable neutralist attitudes and the susceptibility to Communist influence, and gaining acceptance as the only legitimate government of China and as a fully participating and increasingly important member of an Asian community of nations. Moreover, they consider that their revolution is incomplete so long as they do not control Taiwan and they will almost certainly be prepared to exploit any opportunity to this end providing it does not seriously risk war with the US.

FACTORS AFFECTING COMMUNIST CHINA'S ROLE IN ASIA

11. Postwar instability, the climate of radical change in Asia, and the general course of the struggle between Communist and non-Communist worlds, are primary aspects of the broad environment within which Communist China strives to achieve its objectives in Asia. This environment offers special opportunities and imposes certain limits on Peiping's prospects for success. Susceptibilities to Peiping's exploitation vary widely throughout the area because of the great diversities which exist among Asian countries, and because of the operation of counter factors, among which US power and influence are of prime importance.

Asia's Economic and Political Aspirations

12. In most of the countries of Asia, the achievement of independence in the wake of

World War II was accompanied by general instability and characterized by unrealistic expectations. Most politically literate Asians felt that with independence their countries had become masters of their own fate and would soon enjoy the economic benefits and international prestige of modern societies. However, the new countries generally lacked the political sophistication, capital, technical skills, and administrative experience to deal with the myriad of problems which confronted them. Furthermore, insurrectionary activities, external aggression, and Communist subversion have at one time or another disrupted the internal development of most of them. As a result, economic, political, and social progress has been far below their expectations.

13. Most Asian governments have tended to follow a paternalistic or authoritarian approach in their efforts to cope with these problems. Because private capital, domestic or foreign, is not available to build the basic economic structure (power, transportation, etc.) required for industrial development, they have concluded that government must provide planning, management, and funds. Many leaders have been strongly influenced by Marxist doctrine. Furthermore, they tend to associate capitalism with colonialism. These attitudes, together with the Asian traditions of authoritarian and communal organization of society, create a certain susceptibility to the efforts of Moscow and Peiping to increase their influence.

14. Communist economic achievements in China have impressed many Asian leaders; the economic problems and certain development techniques of Communist China appear to them to have greater relevance to the situations in their underdeveloped countries than do those of the West. In addition, there is a disposition among certain Asian intellectual elements to contrast unfavorably the immense difficulties being experienced in their own societies with the cohesion and sense of national purpose which in their view exist in Communist China.

15. However, the appeal of the Communist solution is tempered by opposition to the ex-

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cesses inherent in the Communist system. Many Asian leaders believe that they can achieve economic progress by their own methods. Even where the appeal of democracy is not strong, the determination of the ruling groups to maintain their own positions is an important deterrent to the growth of internal Communist influence.

Anti-Colonialism and Nationalism

16. Nationalism in most of Asia has drawn its force largely from a reaction to colonialism. Most of the present leaders of the new states of Asia were leaders of the struggle for independence. Many of them attribute their country's present backwardness to Western exploitation and have bitter memories of discriminatory treatment during the colonial period. Generally speaking, their experiences have been with Western and not with Communist colonialism. This predisposes them to believe Communist explanations of imperialism. Antagonisms arising from race and color are mingled with the resentments that survive from the colonial period. Communist China, by stressing that it is an Asian country and by propagandizing its own experiences with Western exploitation, at times can capitalize on the colonialism and nationalism issues. Although these both remain important factors which can work to Communist China's advantage, there are indications that nationalism in Asia is becoming less motivated by virulent anti-colonialism and based more upon indigenous values and objectives. Such a change could increase the importance of nationalism as an obstacle to Communist China's direct influence in Asia.

The East-West Struggle and Neutralism

17. One of the important factors in Asia is the East-West struggle and the pressure it exerts on Asian states which would like to concentrate on their own problems. Although there is an undercurrent of apprehension regarding Communist China's real intentions, a desire to stand aside from the world's strife, while not universal, is widespread and in some countries is translated into a policy of neutral-

ism. Most Asian states fear that war between the major powers would inevitably embroil them and jeopardize their hopes of progress if not destroy their independence. These neutralist sentiments are reinforced by sensitivity on the subject of nuclear war. In this setting, Peiping's tranquilizing call for "peace" is more appealing than US reminders that continued national independence requires alertness and sacrifice.

18. There are small but quite influential groups of Asians (particularly in intellectual circles) who are prone to make unfavorable comparisons between the Western and the Communist countries. Some of them consider that the West is crass, materialistic, and contemptuous of the aspirations of the Asian races, while they look upon the citizens of the Communist countries as dedicated and self-sacrificing toilers for progress. Even in the more numerous groups that regard Western ideas of political democracy as superior to Communism, there are a considerable number who habitually judge Western actions by Western criteria, which they do not apply in their assessment of Communist behavior. The application of this double standard often gives to the Communists, and withholds from the West, the benefit of the doubt in the interpretation of events.

The Presence in Asia of Major Military Forces

19. Both the West and the Sino-Soviet Bloc have major military forces in the Asian area. This confrontation reinforces the Asian concern over the danger of war and its destructiveness. Furthermore, the fact that Communist China has the strongest Asian military force has led some states to seek to placate Peiping. At the same time, many Asians, including even some neutralists, recognize the value of strong US forces as a major deterrent to Communist aggression. Six Asian countries have entered into alliance with the US, and these countries, especially, are highly sensitive to indications of any change in US capability and intention to stand firm against Communist encroachment in Asia.

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Sino-Soviet Alliance

20. Communist China's ability to exert influence in Asia is also affected by its relations with the USSR. Soviet economic assistance programs and diplomatic efforts in Asia, together with the visits of its top leaders, have supported the general Communist line and thus indirectly enhanced Communist China's position. Peiping has benefited from Soviet actions to the extent that they create the image of Communist "peaceful" intentions, as for example, Moscow's simple call for "ban the bomb"; but has been harmed to the extent that Soviet aggressiveness, as in Hungary, disillusioned Asian observers. On balance, we believe that Communist China's prestige in Asian eyes has been enhanced by its association with the USSR and by its recognized position within the Bloc.²

Local Communist Movements in Asia

21. The existence of indigenous Communist parties or movements in Asian countries provides an important auxiliary channel for implementing of Chinese Communist policies. However, because of their real or assumed links with Peiping, these parties and movements have at times worked to the disadvantage of Communist China's current strategy of peace and coexistence, especially when they have resorted to political agitation or military action.

² The Director of Intelligence and Research, Department of State, believes that most Asian leaders dislike the Soviet political system and are aware that the ultimate objectives of international Communism are inconsistent with their own objectives. This attitude is to some degree reflected in their thinking on Communist China, particularly when that country, as in the past year, has repeatedly expressed its support of the Soviet Union. This reaction to Communist China's close association with the Soviet Union is only partially balanced by other factors such as possible feeling of vicarious pride in Peiping's stature in the bloc. Accordingly, it is believed that the last sentence should read: "On balance, we believe that Peiping's self-identification with the Soviet Union and its policies has probably tended to work to Peiping's detriment in the achievement of its immediate objectives in non-Communist Asia."

The Overseas Chinese

22. The large Overseas Chinese communities in many of the Southeast Asian countries represent both an asset and a liability to Peiping. In most of these countries, Overseas Chinese control much of the commercial activity and play an important role in financial and industrial fields. As a result, they exercise influence and power disproportionate to their numbers and provide points of contact for Chinese Communist trade and subversive activities. Peiping has met with considerable success in inducing the return of Overseas Chinese students in Southeast Asia to the mainland. Of the Overseas Chinese that have any feeling of involvement in the future of China, more probably tend to identify themselves with Communist China than with Taipei. However, a substantial majority, because of their primary concern with business activities and with maintaining good working relations with their host country, has sought to avoid entanglement in the political activities of both Communist and Nationalist China.

23. Local antagonism to Overseas Chinese, due to their economic position and their insistence on maintaining their separate identity, poses some obstacles to the extension of Peiping's influence. In particular, many governments are concerned that increased Chinese Communist activity within their country will aggravate the problem posed by the existence of these unassimilated Chinese communities. The Overseas Chinese would become an important asset to Communist China only in case they became convinced that a successful Chinese Communist military invasion was imminent and that they had no alternative but to declare their allegiance to the homeland. In these circumstances, the Overseas Chinese would acquire importance as a "fifth column."

Non-Communist Strength and Influence In Asia

24. Although Western political control has virtually disappeared from Asia during the past decade, Western influence and commit-

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ments remain in the area and are important factors limiting the expansion of Communist China's influence. Western aid was essential to the countering of the Communist threat to Korea, Taiwan, Vietnam, Malaya, and the Philippines. Aid from the US and, to a lesser extent, from other Western countries, sustains a number of Asian states and seeks to improve their strength and stability so that present vulnerabilities in their societies will diminish. More Asian leaders are coming to feel that accepting US aid is not inconsistent with maintaining the independence of the recipient state, but in fact often gives it sufficient strength to take increasing, independent initiative in the conduct of its affairs. Furthermore, trade with the West is an important factor in sustaining the economies of most non-Communist Asian countries.

25. The Chinese Communists must also take into account the strength of non-Communist elements in the various countries. In South Korea, Taiwan, the Philippines, South Vietnam, and Japan, the governments and large portions of the population are vigorously anti-Communist. The governments of Thailand, Malaya, and Pakistan have also followed anti-Communist policies both externally and internally. South Korea and the Republic of China have large and relatively well-equipped military forces. Even the neutralist governments of South and Southeast Asia, while prone to support certain Communist foreign policy positions, have sought, with the present exception of Indonesia, to weaken the position of native Communists.

26. The existence of Nationalist China has continued to hamper Peiping's efforts to extend its influence. Competition with the GRC for Overseas Chinese loyalties sharpens Communist China's dilemma of having to demonstrate its interest in the Overseas Chinese at the same time that it seeks to underplay this interest in its relations with the host governments. The fact that five Asian countries recognize Nationalist China and three additional countries have adopted the policy of recognizing neither Nationalist nor Communist China restricts Peiping's diplomatic activities.

27. Peiping's leadership aspirations are hampered by the present or potential influential roles which India and Japan are capable of playing. However, the aspirations of New Delhi and Tokyo appear to be defined in terms more limited than those of Peiping: i.e., India in terms of moral and political leadership rather than domination; Japan as a principal industrial and commercial power in Asia.

Exclusion from the UN

28. Communist China's exclusion from the UN has provided Peiping and Moscow with a significant propaganda point among those Asians who, like the Indians, believe strongly that Peiping should represent China in the UN and that only US intransigence prevents this. On balance, however, we believe Peiping's continued exclusion from the UN has worked to the disadvantage of Peiping's Asian ambitions. Although claiming to be a leading member of the Asian-African bloc, Communist China is forced to sit on the sidelines during discussions of important issues in the UN, which has become an increasingly important forum for the Asian states.

CHINESE COMMUNIST TACTICS IN ASIA

29. The Communist indigenous armed revolutions, which were initiated in the years just after World War II, have failed in Indonesia, Burma, Malaya, and the Philippines, and fell short of success in Vietnam. Especially since the conclusion of hostilities in Indochina in 1954, Peiping, in line with the shift in international Communist tactics, has ceased to stress "national liberation movements" and has sought, by pursuing a generally non-violent line, to exploit Asian vulnerabilities and desires for neutrality and peace. To this end, it has developed a diverse tactical arsenal, including diplomacy, "people's diplomacy," propaganda, subversion, military pressures, and economic inducements.

30. There is little evidence concerning the division of responsibilities between Moscow and Peiping in directing and supporting Communist activities in Asia, or the balance which exists between external Communist direction and local Communist initiative. Soviet influence

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has appeared to be superior in most of the Asian Communist movements, with the exception of Malaya and Thailand, though there are indications which suggest that Peiping's influence within the Asian Communist parties is increasing. In any event, Moscow and Peiping appear in the main to be in close accord regarding the Communist campaign in Asia, whether their efforts involve the local Communist groups or are aimed more directly at the non-Communist countries.

Diplomacy

31. Peiping has placed considerable stress upon attempts to achieve formal diplomatic recognition as the sole government of China and has attempted to create an atmosphere of normalcy in its relations with the six non-Communist Asian countries that have recognized it.³ It has placed considerable emphasis on the exchange of official visitors between states. In particular, the leaders of many South and Southeast Asian countries have traveled to Peiping and have been visited at least once in return by Premier Chou En-lai. Communist China has made political capital of its stated willingness to negotiate at any time with any state, the US included.

"People's Diplomacy"

32. Peiping has supplemented its conventional diplomacy by an extensive program of "people's diplomacy," designed both as an entering wedge for the establishment of full diplomatic relations and as a means of increasing its influence in countries with which it already has official relations. To these ends,

³Peiping is recognized by six non-Communist countries in the Asian area: Burma, Ceylon, India, Indonesia, Nepal, and Pakistan. Of these states, only Nepal has recognized Peiping since the initial flurry of recognitions in 1949-1950. The Republic of China is recognized by five countries of the area: Japan, Korea, Philippines, Thailand, and Vietnam. Laos and Malaya have been extended recognition by both Peiping and Taipei, but have diplomatic relations with neither. In addition, Peiping has an economic mission and Taipei a consulate in Cambodia, which officially recognizes neither the GRC nor the Peiping regime.

it has sponsored the exchange of delegations of all types: cultural, scientific, economic, religious, ethnic, educational, athletic, journalist, and civic.

33. Despite the many demands on its stringent budget, Peiping bears most of the expenses of these exchanges. In 1956, according to Peiping, about 60 Chinese Communist groups visited Asian countries and over 150 groups, totaling perhaps 2,000 persons, came from non-Communist Asia to visit Communist China. On occasion these groups signed agreements relating to trade, labor, fisheries, and "friendship." Of the Asian countries, Japan has received the greatest attention. Approximately 1,200 Japanese visited Communist China in 1956, including such diverse representatives as coal miners, theatrical performers, former imperial army and navy officers, and members of the Japanese Diet.

34. Widespread sponsorship of front organizations in Asia is an important aspect of "people's diplomacy." "Chinese Friendship Societies" now exist in many Asian countries, as do "National Peace Councils" which take their directives from the Communist World Peace Council. Exploitation of religious groups and Asian students, including offers of scholarships and other inducements, is another facet of "people's diplomacy."

35. "People's diplomacy" has proved to be an effective instrument. Susceptible visitors often accept Peiping's claims, most notably in the field of economic development. Foreign delegations are flattered by the availability of Mao Tse-tung, Chou En-lai, and other high officials, who grant an unusual number of time-consuming interviews and appear well briefed on the composition and interests of the group in question. Although some Asian visitors have voiced criticisms of the Peiping regime, many have publicly registered their favorable impressions of the regime's effective administration and economic progress. Even the visits of some confirmed anti-Communists have been exploited, either because they were impressed with what they saw in China, or were themselves persons whose very presence contributed to furthering Peiping's aims.

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Propaganda

36. Closely allied with "people's diplomacy" is Communist China's propaganda effort throughout Asia. Peiping's propaganda broadcasts have doubled in volume since 1955, and are presently made in English, Spanish, Chinese, and a variety of other Asian languages. Chinese Communist literature and films are circulated in many countries of the area. Peiping often underwrites the costs of locally written publications. Visiting Chinese delegations and cultural or theatrical groups are part of the total propaganda effort.

37. Propaganda efforts to exploit and encourage Asian neutralism are centered largely on the "five principles" which were first proclaimed in their present form in a Chinese Communist-Indian agreement of 1954: "Mutual respect for each other's territorial integrity and sovereignty, mutual nonaggression, mutual noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence." These "five principles" have widespread appeal in Asian countries because they hold out a promise of peace and friendly relations. In recent years, Peiping's propaganda has refrained from criticism of the Asian neutrals or their domestic policies, and has sought to minimize apprehensions concerning Communist China's ultimate intentions in Asia.

Economic Inducements

38. Communist China has achieved considerable political gain from its relatively small foreign trade, and has made effective propaganda use of the few grants it has extended.⁴ More importantly, it has created a growing impression in many Asian countries that closer economic relations with Communist China would be profitable. At present Communist China is not capable of exporting large quantities of manufactured goods to the Asian markets nor does its economic policy call for the importation of large quantities of

⁴ Communist China has recently extended economic aid grants to Cambodia (US \$22,400,000 in goods), Nepal (\$12,600,000 in goods and currency), and most recently Ceylon (\$15,750,000, in lieu of continued preferential prices for rubber.)

the products which most countries of Asia have available for export. However, it probably will increase its trade, and it will in any case continue to import such commodities as rubber, cotton, jute, and coconut oil.

39. Communist China has on several occasions been able to gain considerable political advantage from well-timed economic agreements, such as its rice for rubber deal with Ceylon in 1952. Moreover, Peiping has sought, through the negotiation of trade agreements, participation in trade fairs, and the despatching of trade missions to Asian countries, to create an impression of growing economic power and a benevolent attitude. Since 1954 it has concluded trade agreements with Burma, Ceylon, India, Indonesia, and Cambodia, expressing, in the main, a desire to expand trade of mutual benefit and exchanging "shopping lists" of the prominent exports of each country. A gradual increase in its maritime capabilities will facilitate Communist China's ability to derive political advantages from commercial activities.

40. Japan needs raw materials which Communist China could furnish and is seeking to develop additional markets for its own exports. The Chinese Communist regime has attempted to capitalize on this situation by vague offers of grand scale economic collaboration. These offers are linked with political conditions and are part of the Chinese Communist effort to neutralize Japan. In Peiping's series of unofficial trade agreements with private Japanese business groups, it has sought to weaken Japan's adherence to CHINCOM controls by offering such commodities as coal and iron ore, which Japan must import in large quantities, in exchange for restricted goods. However, most Japanese recognize the vital importance of trade with the US and would be reluctant to take steps which would jeopardize this trade.

Subversion

41. Peiping appears to be employing a wide variety of subversive tactics which range from covert operations, designed to assist local Communists to overturn governments, to support of overt front groups, designed merely to in-

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fluence opinion in favor of local or Chinese Communist causes. Working through Overseas Chinese, Peiping's subversive efforts include economic pressures, the underwriting of front groups, penetration of schools and labor organizations, and the direction of espionage and clandestine operations. The Chinese Communists also provide funds and covert support to indigenous Communists and Communist sympathizers to help them build good will and mass voting strength for the Communist cause and to infiltrate government bureaucracies and armed forces. However, Peiping is not adverse to bypassing or undercutting the Asian Communist parties where other tactics promise to better advance Peiping's over-all objectives.

42. The Chinese Communists have used the Bank of China as an instrument to increase their influence, especially among Overseas Chinese. Peiping controls the branches in Hong Kong, Singapore, Kuala Lumpur, Penang, Surabaya, Djakarta, Calcutta, Bombay, Karachi, Rangoon, and Chittagong. These banks use their assets to finance pro-Communist political groups, front organizations, publications, and schools. They make low interest loans to those who favor Communist line, and they use defaulted loans as a means of political blackmail. The Burmese government has become alarmed by the activities of the Rangoon branch of the Bank of China and has taken steps to reduce its effectiveness.

Military Pressures

43. Although now pursuing a "peaceful" line, Peiping has employed military pressure in pursuit of its goals. In addition to its pressures against the Offshore Islands, its military assistance to North Vietnam, and its intervention in Korea, Peiping has made military incursions into poorly defined areas of its borders with Burma and the Indian sub-continent, and has continued to train and assist the North Korea and the North Vietnam armed forces. Furthermore, Peiping has probably given some monetary and training support to the armed rebellions in Malaya and Burma. However, the principal pressure in this field is the widespread recognition that Commu-

nist China's growing military strength is already greater than all non-Communist Asian forces put together. The proximity of this military strength has served to reinforce neutralism in such countries as Burma and Laos and has led to a wish to avoid antagonizing Communist China, even in some countries aligned with the West. Sensitivity to Communist China's military strength will remain high in Asia as Chinese Communist ground, air, and naval forces continue to obtain modern equipment and to improve in efficiency.

THE IMPACT OF COMMUNIST CHINA ON ASIA

44. Communist China is now regarded throughout Asia as a major Asian power. Most Asian leaders probably believe that the Communist regime has established firm control over its 635 million people and that it will continue to rule the country for the foreseeable future. Furthermore, they appear to believe that Communist China has made substantial progress toward establishing a modern industrial economy and has developed the strongest Asian military establishment. The Chinese Communists have been able, by the tactics discussed above, to impress most Asians with the magnitude of their accomplishments and to play down the extent and nature of their sacrifices and internal difficulties.

45. Asian nations, particularly in South and Southeast Asia, look upon Communist China with a mixture of admiration for its accomplishments and fear of its size, power, and dynamism. Peiping has exploited colonial, nationalist, and imperialist issues at the international level, has emphasized the problems it shares with other underdeveloped Asian countries, and has asserted its willingness to help them. It has succeeded in obscuring its external objectives by directing Asian attention to the similarity between its own economic and social aspirations and those of most Asian countries—to end poverty and illiteracy, to raise the standard of living, and to press forward with programs of economic development.

46. Furthermore, since the Indochina armistice, Communist China has posed, with con-

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siderable success, as a country which is seeking its objectives by peaceful means. The fluctuating tensions arising over the Taiwan Strait appear to many Asian leaders to spring not so much from the truculence of Communist China as from its desire to regain control of its own territory. The peaceful appearance of the Chinese Communist has been enhanced by the many Communist inspired "peace" movements and calls for banning of nuclear weapons.

47. In all Asian states there is a fundamental desire to work out their national destinies without outside interference. This has placed certain limits on the expansion of Peiping's influence. Although the Asian states are, in varying degrees, susceptible to outside guidance and willing to accept foreign aid, none of them regard themselves as followers of any foreign leader, Asian or otherwise.

Impact of Communist China on Specific Countries

48. The impact of Communist China in Asia, as reflected in official governmental policies, varies widely from country to country. Furthermore, in most Asian countries there are groups — political, economic, and ethnic — whose reactions to Communist China differ from those of their governments. In some instances these groups have sufficient strength and their views of Communist China are at such variance with the official policies of their governments that, over the longer run or in periods of crisis, they might force a change in present official policies.

49. *The Republics of China, Korea, and Vietnam:* The GRC and the Korean government both view Communist China as an aggressor and a direct threat to their existence. They both feel that military action will ultimately be required to remove this threat. The GRC denies that the Peiping regime is stable or that it enjoys popular support. Taipei considers itself in direct competition with Peiping for the loyalties of the Overseas Chinese and for international recognition as the legitimate government of China. Vietnam views Communist China chiefly in terms of Pei-

ping's support of North Vietnam and consequently actively seeks to prevent any extension of Chinese Communist influence.

50. *Thailand, Philippines, and Pakistan:* Although all these countries are members of SEATO, their primary motives for lining up with the West differ.

a. Thailand views Communist China as a potential military threat and is suspicious of the loyalty of its large Overseas Chinese minority. In the postwar period, in the Thai view, there has been safety and profit in alignment with the West. Although the Thai government has not altered its official policies, Communist China's growing economic and military might, its proximity to the Thai borders, and its current line of peaceful coexistence are beginning to have a significant impact in Thailand. There is a growing desire for at least limited economic and cultural contacts with Communist China. There has been some increase in neutralist sentiment, and growing reluctance to follow foreign policies directly antagonistic to Communist China.

b. The Philippines aligned itself with the West because of its historical association with the West and its close relations with the US. It views the Peiping regime as a somewhat remote threat and has no particular desire for contacts with Communist China.

c. Pakistan's alignment with the West appears to have been motivated in the first instance by its desire to obtain weapons to counter the threat which it believes is posed by India, and only secondarily by the dangers of external Communist aggression. To the extent the latter is recognized, Pakistan is more apprehensive concerning possible Soviet action than Chinese Communist. It attributes its growing Communist problem in East Pakistan to Indian, rather than to Chinese, influences. Pakistan is impressed by Communist China's material accomplishments and, despite its membership in SEATO, maintains a friendly posture toward Peiping.

51. *Japan:* Japan tends to view the long-range Communist threat more in terms of the USSR than Communist China. Because of Japan's close and deeply-rooted cultural

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and other ties with the China mainland, most Japanese tend to regard the Peiping regime as more Chinese than Communist, and do not consider that the Chinese Communists pose a direct threat to Japan itself. Pressures for closer relations with Peiping, particularly for increased trade, are strong and are increasing. On the other hand, Japanese conservative leaders, though impressed by Communist China's material accomplishments, are beginning to show concern at the buildup of a rival industrial power in Asia; they are becoming particularly disturbed over the threat of Chinese Communist economic competition in South and Southeast Asia. While they have little faith in the durability of the Nationalist government on Taiwan, most responsible Japanese leaders believe that Communist control of the island would threaten Japan's security. Despite the attraction of the continent, the Japanese generally recognize the primary importance of their defense and economic ties with the US and the West; fear that these ties may be jeopardized inhibits them from seeking too close a relationship with the Chinese Communist regime.

52. *Laos and Cambodia:* Both these countries feel the impact of Communist China's proximity, although Laos tends to regard North Vietnam as a more immediate threat to its independence. The Royal Lao government is preoccupied with the Pathet Lao problem and will continue to view its relations with Communist China in terms of that problem. The Cambodian government has adopted a policy of nonalignment. Although it accepts aid from the US and does not want to lose the protection it enjoys as a result of the SEATO protocol, most of its leaders view Communist China with considerable awe and admiration and have encouraged numerous contacts, including trade and aid. However, they oppose Communism within Cambodia as a threat to their position, and they are fearful of any increased Chinese Communist influence in their country, especially among the Overseas Chinese.

53. *India, Ceylon, and Nepal:*

a. India, the most important and influential of the unaligned Asian countries, takes a con-

ciliatory attitude toward Communist China and plays up Peiping's professions of peaceful intent. India believes it is thus carrying out its self-assigned mission of reducing international tensions by mediating between the Bloc and the West. It hopes also to contain possible Communist Chinese expansionist aims by putting Peiping on record against aggression and interference in other countries' affairs. Indians feel an affinity for Communist China as a fellow Asian nation which has rid itself of foreign encroachment and which is now facing problems similar to those of India. Indian leaders were concerned by Chinese Communist activities in Nepal, in Tibet, and along the Burma border; many Indian leaders apparently believe that Communist China presents a possible long-range security threat to India. The Indian government has quietly been devoting considerable attention to improving India's strategic and political defenses in the northeast and to strengthening India's position in Nepal, Sikkim, and Bhutan. Indian leaders currently think of themselves as competing with Communist China in the field of economic development, and they emphasize New Delhi's efforts to progress economically by democratic means in contrast to Peiping's totalitarian methods.

b. Ceylon's attitudes toward Communist China are based on a feeling of remoteness from any aggressive threat from Communist China and on the profitable trade relationship which has developed between the two countries. Ceylon has shown a marked willingness to increase its cultural and economic ties with Communist China since the Bandaranaike government came to power in Ceylon in 1956.

c. Nepal has been increasingly receptive to Communist China's stepped up overtures as a counterweight to Indian attempts to influence Nepali affairs. The trend was reversed when the Singh government came to power in July 1957 and adopted a policy of closer ties with India and tactful de-emphasis of the relationship with China. However, Singh was ousted in November, and continuing political instability may provide opportunities to Peiping to increase its influence there.

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54. *Burma*: The Burmese government maintains an official position of neutrality. However, its outlook is affected by fear of Communist China's strength, proximity, and ultimate aims, and by a belief that it can best preserve its independence by not antagonizing Peiping. As Communist China's strength grows, the Burmese leaders tend to count more and more on the protection afforded by the US presence in Asia, but they do not admit this publicly. Burma's attitudes toward Communist China are clouded by the border dispute between the two countries, by its problems with Communist insurrectionists, by growing left-wing opposition, and by Overseas Chinese problems.

55. *Indonesia*: Indonesia's governmental leaders, particularly Sukarno and his immediate entourage, are greatly impressed by the economic achievements and the apparent unity and purpose in Communist China. A number of them view the Indonesian Communist Party (PKI) as an important and comparatively respectable nationalist group and have sought its support. Sukarno in particular desires to adapt certain features of Chinese Communism to Indonesian problems and to bring the PKI into the government. Although most Indonesian leaders feel their country is not immediately threatened by Chinese Communist aggression, there are political leaders, parties and groups who oppose Sukarno's views and who identify the PKI with international Communism. Moreover, there is some concern with Peiping's possible hold over the Overseas Chinese minority and with the activities of the Chinese Communist embassy among this group. If the PKI is successful in its efforts to gain power in Indonesia by parliamentary means, an added impetus would be given to Communist movements throughout Asia and the general prestige of Communist China would be enhanced, even though the PKI's success was achieved without visible assistance from Peiping.

56. *Malaya*: The newly independent Malayan government views Communist China almost entirely in terms of its long struggle against the Communist insurrection and the problems created by a large, unassimilated Chinese population. It is especially fearful of the impact

Communist China may have among Malaya's Overseas Chinese who have begun to compete politically on a more nearly equal basis with the slightly larger but economically backward Malay community. It desires to minimize contacts with Communist China, except for a certain amount of trade conducted through Hong Kong, or any forms of Chinese Communist influence which would aggravate these problems. It is also fearful that Chinese Communist influence and infiltration in Singapore may threaten its own security.

57. *Singapore*: The Crown Colony of Singapore is approximately 85 percent Chinese. Consequently, both the UK and the present Singapore government are especially concerned with the impact of Communist China and have taken strong measures to repress left-wing and Communist-front political, labor, and student organizations. However, significant pro-Peiping sentiment continues to exist in the Chinese population of Singapore and there will almost certainly be continuing opportunities for Chinese Communist subversion.

FUTURE TRENDS

58. Assuming that there is no outbreak of war directly involving Communist China, the Chinese Communist regime probably will remain in firm control of the mainland of China, will continue to direct its resources and energies largely to internal problems, and will achieve some degree of progress in economic development. Its military capabilities will almost certainly increase as it improves the efficiency, arms and equipment of its ground forces, continues to develop its air force, and expands its naval and maritime capabilities. However, Communist China will probably refrain from overt military aggression so long as its leaders believe that this would result in effective US military counteraction against the mainland.

59. Under these conditions and assuming no drastic changes in US policy or in the intensity or character of the struggle between the Communist and non-Communist worlds, we believe that over the next few years the already powerful impact of Communist China on Asia will continue to increase, although

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only gradually. The presence of the US in Asia will continue to be the major factor damping down the growth of Peiping's influence and obstructing Peiping's efforts to translate its growing prestige into specific action, such as diplomatic recognition or admission to the UN. There are many other factors which may counteract the impact of Communist China. One of particular importance would be the success of non-Communist governments in achieving a level of economic, political, and social progress acceptable to their people. In any event, we believe that there will be an increase in Peiping's cultural and economic relations with other Asian countries, which will enhance its prestige. With respect to the two most important countries of the area, India is unlikely to make any significant change in its policy toward Communist China as long as Nehru heads the government; Japan, although moving toward an increase of officially approved trade and cultural relations, is likely to stop short of any over-all rapprochement that would jeopardize its relations with the US. Nevertheless, we believe that five years hence the weight of Communist China on Asia and its ability to influence developments in the area will have increased somewhat.

60. Any modification of US policy which was interpreted in Asia as tending toward a significant softening of US constancy and firmness in opposing Communist China would enhance Peiping's prospects for expanding its influence. This would be particularly true if such modification resulted in a significant weakening of US military capabilities against Communist China. Likewise a substantial reduction in US support and assistance to Asian countries would probably be interpreted as a lessening of US interest in the destiny of the countries affected and would increase economic difficulties in these countries. This would, in varying degrees, enhance Communist China's prospects.

61. A significant change in the intensity of the East-West struggle could have important effects. If the Sino-Soviet Bloc dropped its general line of peace and coexistence in Asia and became bellicose and threatening, we believe that throughout Asia there would be a general re-examination of national positions and of the relative power positions of the US and of the Sino-Soviet Bloc. There would probably be a clearer demarcation of Communist and non-Communist influence in Asia, although not necessarily along present lines. For example, Thailand especially is sensitive to trends in the relative strengths of the major powers in the Far East and might shift to neutralism if its leaders concluded a war of uncertain outcome was imminent. Burma, on the other hand, might seek increased ties with the West.

62. If Communist behavior is such that tensions in the Far East are substantially reduced, most Asian countries, except Nationalist China, Korea, and Vietnam, would probably cautiously relax their present suspicions of Peiping and move gradually toward broader contacts and normal diplomatic relations with Communist China. This, in time, would enlarge Peiping's ability to influence these countries.

63. Major developments within Communist China could also affect the impact of Communist China in Asia. A serious and prolonged crisis on the mainland would impede Peiping's efforts by undermining its pose as a progressive and dynamic state, while a marked improvement in conditions would, on the other hand, enhance Peiping's prestige. Moreover, serious economic and political difficulties in any of the Asian countries would increase its vulnerability to Peiping's blandishments, while an improvement in internal stability would have an opposite effect.

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